

**EXHIBIT 3**

**WELLBORE AFE**

December 5, 2018 *2019*

Via E-Mail and Courier

Ridgewood Katmai, LLC  
1254 Enclave Parkway, Suite 600  
Houston, Texas 70777  
Attn: W. Greg Tabor

ILX Prospect Katmai, LLC  
1254 Enclave Parkway, Suite 600  
Houston, Texas 70777  
Attn: W. Greg Tabor

Re: Fieldwood Energy LLC's Proposal and Approval for the **Completion of the GC40#1 Well**  
Green Canyon 40 Unit Area - Katmai Development Covering Portions of Green Canyon 39  
(G34966/G36476), 40 (G34536) and 41 (G34537) and Ewing Bank 1009 (G34878), 1010 (G34879)  
and 1011 (G34880)

## Partners:

Fieldwood Energy LLC ("Fieldwood"), Ridgewood Katmai, LLC ("Ridgewood") and ILX Prospect Katmai, LLC ("ILX") are Parties to that certain GC 40 Unit Operating Agreement dated April 1, 2018 covering the GC 40 Unit (the "Katmai UOA").

By letter dated November 1, 2018 and pursuant to Article 12.5.1 of the Katmai UOA, the Parties have approved a Development Plan for the Green Canyon 40 Unit Area ("Katmai Development Plan").

Pursuant to the Katmai Development Plan and in accordance with the relevant Katmai UOA Articles referenced below, Fieldwood, as Operator of the Green Canyon 40 Unit Area, hereby proposes to the Parties the operation described below and in the attached AFE and accompanying documents:

**GC 40 #1 Completion**

**Objective / Completion Zone:** Purple Sand (Middle Miocene) @ 26,105' MD / 26,021' TVDSS which is a "Producible Reservoir" as that term is defined in the UOA

**AFE No.:** FW 202002

**Gross AFE Amount:** \$49,623,320

GC 40 #1 well was drilled to 27,900' MD / 27,899' TVD by Noble Energy between 3/22/2014-8/15/2014. The well was temporarily abandoned for future tieback operations with a 7-3/4" liner across the Purple Sand (Zone 1). Between 5/31/2019 and 6/16/2019, the GC 40#1 well was cleaned out by drilling T/A plugs along with packer debris fish in the well to ~14,300', tiedback by running a 10-1/8" x 10-3/4" tieback production string and performing a "dirty displacement" from 16.5 ppg SBM to 16.0 ppg ZnBr/CaBr and was suspended for future operations.

This Completion AFE (FW202002) is for the cost estimate for all tangible completion equipment (primary and back-up), plus all associated services required to complete the GC 40#1 Well in the Purple Sand (Middle Miocene) @ 26,105' MD / 26,021' TVDSS (which is a "Producible Reservoir" as that term is defined in the UOA) inside 7-3/4" casing. This estimate does not include the Subsea Spool Tree and Tubing Hanger, nor any other subsea equipment. This estimate includes Safety Valve, Chemical Injection Valves, Downhole Pressure & Temperature Gauges, Packers & Accessories, Tubing & Accessories, etc. It also includes an estimate for intangible costs such as upfront engineering time for the design and analysis work, plus all associated services required to complete the well. The current estimated start date is 2/5/2020

This Completion AFE (FW202002) includes \$12,146,112 of previously approved costs captured in the Completions Long Lead AFE (FW 192007) and upon commencement of the completion operations, such previously approved costs will be reallocated to this Completion AFE.

This AFE is proposed subject to Article 8.6.1 and Article 13 of the Katmai UOA which requires an approval by Election of the Parties. In accordance with Article 8.2.2, approval of the above AFE shall require the affirmative Election by one (1) or more Parties, entitled to make an Election, with a combined Electing interest of twenty-five (25%) percent or more.

Fieldwood hereby Elects to approve the above AFE. Pursuant to Article 8.6.1 of the Katmai UOA, each Party has thirty (30) days after Receipt of this AFE to respond with its Election.

If this AFE is acceptable, please evidence your approval by Election by executing the AFE and returning a copy of same to the attention of the undersigned. If you have any questions with respect to this proposal, please contact Nathan Vaughn at 713-969-1085 or [Nathan.Vaughn@fwelc.com](mailto:Nathan.Vaughn@fwelc.com)

Yours very truly,



Nathan M. Vaughn  
Deepwater Land Advisor



**COMPLETION PROJECTS  
ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

rev 12/10/18

 REV#   
 SUPP# 

WELL CODE	GC04001	OPERATOR	Fieldwood Energy LLC	AFE NO.	FW202002
COUNTY / STATE	Offshore, LA	REGION	Deepwater	AFE TYPE	Completion
AREA BLK	Green Canyon 40	WELL # / PLATFORM	#1	ASSET TYPE	Well
FIELD	Katmai	LEGAL / OCS NO.	OCS-G 34536	PROSPECT LEASE	Katmai
API #		BOOKED / UNBOOKED	Unbooked	TOTAL FWE INTEREST	50.000000%
ESTIMATED START DATE	1/29/2020	ESTIMATED END DATE	2/29/2020	AFE DATE	11/13/2019
OBJECTIVE	Purple sand (Zone 1) @ 26,105 ft MD/TVD, 26,021 ft TVDSS				
DESCRIPTION					
<p>Cost estimate for all tangible completion equipment (primary + back-up), plus all associated services required to complete one well inside 7-3/4" casing. This estimate does not include the Subsea Spool Tree and Tubing Hanger nor any other subsea equipment. This estimate includes Safety Valve, Chemical Injection Valves, Downhole Pressure &amp; Temperature Gauges, Packers &amp; Accessories, Tubing &amp; Accessories, etc. It also includes an estimate for intangible costs such as upfront engineering time for the design and analysis work, plus all associated services required to complete the well. This AFE is being passed along the approval chain now because the current rig schedule has us completing this well late December 2019, or mid January 2020, and this needs approval prior to equipment make-up &amp; testing.</p>					

*Likely beginning of February 2020*

<u>AFE COST SUMMARY</u>	<u>ORIGINAL</u>	<u>SUPPLEMENT</u>	<u>TOTAL</u>
GRAND TOTAL COSTS	49,623,320	0	49,623,320
LESS OUTSIDE INTEREST	24,811,660	0	24,811,660
TOTAL NET COST	24,811,660	0	24,811,660

PREPARED BY	Kerby Dufrene	DATE	11/13/2019
APPROVED BY	Jack Sanford	DATE	11/26/2019
APPROVED BY	John Dwyer	DATE	11/26/2019
APPROVED BY	Truitt Smith	DATE	11/26/2019
APPROVED BY	John Pritchett	DATE	12/2/2019
APPROVED BY	John Seeger	DATE	12/3/2019
APPROVED BY	John Smith	DATE	12/3/2019
APPROVED BY	Gary Janik	DATE	12/3/2019
APPROVED BY	G. M. McCarroll	DATE	12/4/2019

A.	GROSS ORIGINAL AFE AMOUNT	49,623,320
B.	FIELDWOOD NET ORIGINAL AFE AMOUNT	24,811,660
C.	NET ASSET TRANSFERS	
D.	TOTAL NET ORIGINAL AFE (LINE B PLUS LINE C)	24,811,660
E.	GROSS SUPPLEMENT	0
F.	NET SUPPLEMENT	0
G.	GROSS TOTAL AFE AMOUNT	49,623,320
H.	FIELDWOOD TOTAL NET AFE AMOUNT	24,811,660

<u>COMPANY</u>	<u>INTEREST</u>	<u>SHARE</u>	<u>APPROVED BY</u>	<u>DATE</u>
Fieldwood Energy LLC	50.000000%	\$24,811,660		
ILX Prospect Katmai LLC*	25.000000%	\$12,405,830		1-6-20
Ridgewood Katmai LLC*	25.000000%	\$12,405,830		1-6-20

*MS 12/19/19*

TOTAL 100.000000% \$49,623,320

## COMMENTS:

\*On behalf of and as Manager of its Managed Interests.

MS

Ridgewood carries its own insurance.

\*Verbal approvals given to FE 1/3/2020.





**COMPLETION PROJECTS  
ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE**

rev 12/10/18

REV#   
SUPP#

WELL CODE	<b>GC04001</b>	OPERATOR	<b>Fieldwood Energy LLC</b>	AFE NO.	<b>FW202002</b>
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MAIN	SUB	ACCOUNT DESCRIPTION	ORIGINAL	SUPPLEMENT	TOTAL
3060	5	LOCATION & PERMITS	106,000		106,000
3060	10	MOB/DEMOB	20,000		20,000
3060	15	RIG/LIFT BOAT	5,652,000		5,652,000
3060	20	HWO/CT/WELL SERVICES	278,030		278,030
3060	24	WATER	3,000		3,000
3060	25	MARINE FUEL	1,440,000		1,440,000
3060	26	MARINE LUBRICANTS	5,500		5,500
3060	28	DRILLING FLUIDS&SOLIDS CONTROL	495,760		495,760
3060	30	COMPLETION FLUIDS & FILTERING	4,233,928		4,233,928
3060	35	DRILLING BITS	0		0
3060	38	CONSULTING ENGR/SUPERVISION	1,400,850		1,400,850
3060	40	SUPPLIES	0		0
3060	45	MEALS & LODGING/CATERING	226,800		226,800
3060	50	COMMUNICATIONS	43,200		43,200
3060	55	RENTAL EQUIPMENT	4,300,124		4,300,124
3060	60	AIR TRANSPORTATION	900,000		900,000
3060	61	LAND TRANSPORTATION	280,800		280,800
3060	62	MARINE TRANSPORTATION	3,220,000		3,220,000
3060	75	WELL TESTING	1,921,000		1,921,000
3060	80	ELECTRIC WIRELINE/LOGGING	373,353		373,353
3060	82	SLICKLINE	122,500		122,500
3060	90	CONTRACT LABOR	1,271,800		1,271,800
3060	105	FISHING	125,000		125,000
3060	110	CEMENTING	288,000		288,000
3060	115	INSURANCE	0		0
3060	125	ENVIRONMENTAL/SAFETY SERVICES	682,000		682,000
3060	130	OVERHEAD	342,000		342,000
3060	135	MISCELLANEOUS	64,000		64,000
3060	140	TUBING CONVEYED PERFORATING	359,988		359,988
3060	150	STIMULATION & SAND CONTROL	3,667,420		3,667,420
3060	165	TUBULAR SERVICES/INSPECTIONS	740,902		740,902
3060	168	WELLHEAD SERVICES	1,166,000		1,166,000
3060	170	DOCK SERVICES	468,000		468,000
3060	177	INTANGIBLE COMP (OUTSIDE OPERATED)	0		0
3060	900	CONTINGENCIES	1,719,608		1,719,608
<b>SUBTOTAL INTANGIBLE COMPLETION COSTS</b>			<b>35,917,561</b>	<b>0</b>	<b>35,917,561</b>

MAIN	SUB	ACCOUNT DESCRIPTION	ORIGINAL	SUPPLEMENT	TOTAL
3110	20	PROD CASING - TIEBACK/LINER	0		0
3110	30	WELLHEAD EQUIPMENT	123,300		123,300
3110	35	SUBSURFACE PRODUCTION EQUIP	7,658,522		7,658,522
3110	50	TUBING/TUBING ACCESSORIES	5,271,281		5,271,281
3110	58	FACILITIES HOOKUP/SURF. EQUIP	0		0
3110	70	MISCELLANEOUS	0		0
3110	75	TANGIBLE COMP (OUTSIDE OPERATED)	0		0
3110	900	CONTINGENCIES	652,655		652,655
<b>SUBTOTAL TANGIBLE COMPLETION COSTS</b>			<b>13,705,758</b>	<b>0</b>	<b>13,705,758</b>